

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 045268

47

ORIGIN AGR-08

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 EB-07 STR-04 TRSE-00

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 /113 R

DRAFTED BY USDA:WDOERING:JVM

APPROVED BY EB/OT/TA:WGBARRACLOUGH

EB/OT/TA:TFO'HERRON

STR:JSTARKEY (SUBS.)

EB/FPD:FMCELDFOWNEY

EB/OT/TA:DGRIMMER

EB/STA:BBISHOP

TREASURY:MFELDMAN

----- 002659

R 251528Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY WELLINGTON

INFO AMEMBASSY CANBERRA

USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION GENEVA

LIMITED OFFICIAL USE STATE 045268

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: GATT WAIVER FOR US SECTION 22 IMPORT QUOTAS

REF: WELLINGTON 359

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 045268

1. GNZ COMMENTS ON US DAIRY SITUATION, AS SUMMARIZED

PARA. 2 REFTEL, REFER TO A NONTYPICAL SITUATION OF LIMITED DURATION. NORMAL SITUATION, SUBJECT TO SEASONAL VARIATION, IS CHARACTERIZED BY EXCESS PRODUCTION, DEPRESSED PRICES, AND MANDATORY GOVERNMENT SUPPORT ACTIVITY.

2. THESE CONDITIONS ARE KEY ELEMENTS OF PRESENT SITUATION. US DAIRY PRICES BROKE IN LATE DECEMBER AND HAVE SINCE DECLINED SHARPLY. AVERAGE WHOLESALE BUTTER PRICES DROPPED FROM 114.75 CENTS PER POUND ON DECEMBER 19 TO 81.75 ON FEBRUARY 6; THIS IS ONE-HALF CENT ABOVE SUPPORT. ON THE WEST COAST, THE PRICE REACHED THE SUPPORT LEVEL, AND SMALL CCC PURCHASES WERE MADE IN EARLY FEBRUARY. SUBSTANTIAL CCC BUYING IS EXPECTED AFTER APRIL 1 WHEN, AS REQUIRED BY LAW, NEW HIGHER CCC PURCHASE PRICES WILL BECOME EFFECTIVE. CHEDDAR CHEESE PRICES ARE NEAR THE 85 CENTS SUPPORT LEVEL, HAVING FALLEN 16 CENTS IN PAST SIX WEEKS. NONFAT DRY MILK PRICES HAVE BEEN AT OR NEAR SUPPORT LEVEL OF 62.40 CENTS PER POUND SINCE EARLY JANUARY. CCC PURCHASING RESUMED ON JANUARY 6 AND TOTALED 9 MILLION POUNDS THROUGH FEBRUARY 12. PRESENT CCC INVENTORIES OF APPROXIMATELY 430 MILLION POUNDS ARE EXPECTED TO INCREASE TO UP TO 600-700 MILLION POUNDS BY END OF FISCAL YEAR.

3. CCC DAIRY PURCHASE COSTS IN CALENDAR 1975 WERE 379.9 MILLION DOLLARS, UP 180.7 MILLION DOLLARS FROM 1974. CALENDAR 1976 COSTS EXPECTED TO BE SUBSTANTIALLY HIGHER.

4. CHANGE IN MARKET SITUATION "FROM WHEN QUOTAS FIRST INTRODUCED" IS THEREFORE ONE OF DEGREE. THE US HAS TRIED TO REDUCE THE BURDEN OF HEAVY GOVERNMENT INVENTORIES AND BELIEVES IT HAS ACHIEVED PROGRESS WITHOUT DISRUPTING MARKETS AT HOME OR ABROAD. NEVERTHELESS, THE ESSENTIAL PROBLEM, PRODUCTION IN EXCESS OF COMMERCIAL DEMAND, IS STILL PRESENT AND CANNOT BE IGNORED IN THE EXECUTION OF US ECONOMIC POLICY. ANY NOTION THAT MARKET DEMAND IS OUTSTRIPPING PRODUCTION, THAT WHOLESALE DAIRY PRICES ARE BUOYANT, AND THAT DAIRY FARMERS ARE PROSPEROUS IS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 045268

SIMPLY CONTRARY TO THE FACTS.

5. AT A CONVENIENT OPPORTUNITY, THE EMBASSY SHOULD CONVEY THE SUBSTANCE OF THE FOREGOING TO GNZ. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DAIRY PRODUCTS, TARIFF NEGOTIATIONS, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE045268
Document Source: CORE
Document Unique ID: 00
Drafter: WDOERING:JVM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760071-0192
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760213/aaaaalbw.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 WELLINGTON 359
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by ElyME>; APPROVED <31 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GATT WAIVER FOR US SECTION 22 IMPORT QUOTAS
TAGS: ETRD, EPAP, NZ, US
To: WELLINGTON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006